GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:252
ANSWERED ON:17.12.2004
BLACK MONEY IN ECONOMY
Das Gupta Shri Gurudas;Singh Shri Sitaram

Will the Minister of FINANCE be pleased to state:

(a) whether the Central Board of Direct Taxes (CBDT) has set up an Expert Committee to recommend special schemes to unearth black money and hidden assets;

(b) if so, the details thereof and the time by which the report is expected to be submitted;

(c) whether no authentic estimate of the black money in circulation has been made in the recent past;

(d) if so, the reasons therefor;

(e) the latest available estimates oftbe black money in the economy;

(f) whetber the Government has any proposal to conduct a study of the black money in circulation by the authentic agency;

(g) if so, the details thereof;

(h) whether CBI has recently made any assessment in this regard;

(i) if so, details of estimate made by CBI in regard to black money, fake currency, excise duty evasion and bank frauds; and

(j) the steps taken by the Government in this regard?

Answer

MINISTER OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (j): A statement is laid on the table of the House.

Statement referred to in reply to Lok Sabha Starred Ouestion No.252 for Answer on 17.12.2004
(a) Yes, Sir.

(b) The Central Board of Direct Taxes (CBDT) has constituted an Expert Group on 10.11.2004 to recommend special schemes to unearth black money and assets. The Group consists of two Directors General of Income Tax (Investigation) and one Chief Commissioner of Income Tax. The Group is expected to submit its report by end of December, 2004.

(c) At the instance of the Government the National Institute of Public Finance and Policy (NIPFP) had in 1985 attempted an estimate of black money in the country. According to the Report of the National Institute of Public Finance and Policy `Aspects of Black Money in India` (1985), the total amount of black money in the country during F.Y.1983-84 was estimated at between Rs.31,584/- crores and Rs.36,786/- crores. The Ministry of Finance has not undertaken any study to estimate the black money in the country thereafter.

(d) Most of the transactions generating black money are unrecorded making the credibility of any estimate doubtful. In such estimates, reliance is on indirect methods and circumstantial evidence. Even the authors of the Report of NIPFP (1985) had admitted that their estimate was based on numerous assumptions and approximations, each of which could be challenged. Therefore, no ftesh duty has been conducted.

(e) At present, the Government has no formal estimate of the amount of black money in the country.

(f) Presently, there is no such proposal by the Ministry of Finance.

(g) Not applicable in view of (f) above.

(h) The CBI has not made any such assessment in the recent past.

(i)&(j) Not applicable, in view of (h) above.